HK-Chile trade pact to take effect

By news.gov.hk
Friday, October 03, 2014

A Free Trade Agreement between Hong Kong and Chile will come into effect on October 9, the Trade & Industry Department announced today.

The agreement, signed on September 7, 2012, expands Hong Kong's existing free trade agreement network from the Asia-Pacific and European regions to the Americas.

It covers areas including trade in goods and services, investment, and other related areas. Under the agreement, traders and investors of both sides can enjoy preferential access to each other's markets.

On the issue of trade in goods originating from Hong Kong, Chile will abolish import tariffs on about 88% of its tariff lines, and will phase out the tariffs on another 10% of tariff lines over three years.

For trade in services, Hong Kong service providers will enjoy legal certainty in market access and national treatment for a range of services in the Chilean market.

On the investment side, Hong Kong investors will have legal certainty on national treatment in respect of their investments in specified non-services sectors in Chile. The two sides will also negotiate a separate agreement on investment when the pact comes into effect.

To enjoy the preferential tariff treatment for exporting Hong Kong goods to Chile, Hong Kong traders must comply with the preferential rules of origin and fulfil the specified requirements. Details are listed on the department’s trade circular.

HK, South Africa sign tax pact

By news.gov.hk
Friday, October 17, 2014

Hong Kong and South Africa have signed an agreement for the avoidance of double taxation and prevention of income tax evasion.

Secretary for Financial Services & the Treasury Prof KC Chan said the agreement, which sets out the allocation of taxing rights between the two jurisdictions, will help investors better assess their potential tax liabilities from cross-border economic activities.

It will bolster economic and trade connections between the two places and offer added incentives for companies in South Africa to do business and invest in Hong Kong, he added.

Under the agreement, double taxation will be avoided in that any South African tax paid by Hong Kong companies doing business through a permanent establishment there will be allowed as a credit against the tax payable in Hong Kong in respect of the income, subject to the provisions of Hong Kong's tax laws.

Tax paid in Hong Kong by South African residents will be allowed as a credit against tax payable in South Africa.

The agreement also set out rules on handling interest, royalties, airline and shipping profits.

The agreement is the 31st of its kind Hong Kong has concluded with its trading partners. It will come into force after the completion of ratification procedures in both places.

Tax agreements gazetted

By news.gov.hk
Friday, October 17, 2014

Two orders on the avoidance of double taxation with Korea and the second protocol to the agreement with Vietnam were gazetted today.

Made under the Inland Revenue Ordinance, the avoidance agreement with Korea is to ensure investors do not pay tax twice on a single source of income, while the second protocol to the Vietnamese agreement enables the exchange of information arrangement to be compliant with the Organisation for Economic Co-operation & Development standard on transparency and exchange of information.

The orders will be tabled at the Legislative Council on October 22 for negative vetting, and take effect after both Hong Kong and its treaty partners complete their ratification procedures.

Hong Kong signed the agreements with Korea in July and the second protocol to the agreement with Vietnam in January.

Capital flow faster, wider

By thestandard.com.hk
Thursday, October 23, 2014

China's overseas direct investment is projected to rise at least 10 percent annually for the next five years a trend that will soon make the country a net exporter of capital.

"It's only a matter of time," said Zhang Xiangchen, an assistant minister of commerce, yesterday.

He was referring to when China's outbound investment will eclipse inbound investment. "If it doesn't happen this year, it will happen in the near future," he added.

Publicizing new rules meant to simplify overseas investments for firms, Zhang said the value of foreign assets held by Chinese firms still lagged foreign rivals, including in energy and natural resources.

Beijing's push to stoke overseas investment is part of an effort to slow the rise of its foreign currency reserves while helping domestic companies spread their wings.

Outbound direct investment will reach US$120 billion (HK$933 billion) this year, Zhang said, but firms' holdings were a tenth of the assets held by American firms and half those held by Japanese.

Under the new rules, most domestic firms no longer need to seek the ministry's approval for overseas investments but must register it with regional regulators.

Firms had US$74.9 billion in offshore acquisitions in the first nine months, 21.6 percent up. Foreign direct investment was US$87.3 billion.

Anbang Insurance is the latest in the action, with a US$1.95-billion deal struck this month to buy the Waldorf Astoria New York hotel. REUTERS

China's manufacturing growth accelerates

By rthk.hk
Thursday, October 23, 2014

The mainland's manufacturing growth accelerated to a three-month high in October.

Banking giant HSBC's preliminary purchasing managers index (PMI) came in at 50.4 this month - the strongest since July's 51.7.

A level above 50 indicates expansion.

The index tracks activity in the mainland's factories and workshops, and is a closely-watched indicator of the health of the economy.

But the Chief Economist for China at HSBC, Qu Hongbin, said in Hong Kong that despite the pickup in the PMI, downside pressures remained given slowing internal and external demand growth and rising deflationary risks.

He said in a release announcing the latest PMI figure that while the manufacturing sector seemed to have stabilised in October, the economy continued to show signs of insufficient effective demand, adding that "further policy easing" was needed.

The mainland's government said on Tuesday that the country's economy expanded 7.3 percent in the third quarter - lower than the 7.5 percent expansion in the previous three months and the slowest since the depths of the global financial crisis.

Beijing earlier set an economic growth target of 7.5 percent for 2014, the same as last year, though officials have openly stated that a slightly lower increase would be acceptable so long as the job market remained resilient.

Mainland authorities have since April used a series of limited measures to underpin growth, including targeted cuts in reserve requirements - the amount of funds banks must put aside - and a 500 billion yuan (US$81.7 billion) injection into the country's five biggest banks for re-lending.

Lines remain steady

By thestandard.com.hk
Friday, October 24, 2014

HSBC's China manufacturing purchasing managers' index showed a marginal uptick to 50.4 this month after a 50.2 reading for September. Output, new orders and additional export orders remained in expansionary territory, though the pace eased.

The overall thrust I take from this is that the mainland economy is slowing but there won't a hard landing.

There is still a chance of growth of 7.4 percent this year, or 0.1 percentage point off target. Helping that would be falling commodity prices and a measure of stability in the housing market.

A softness in fixed investment is likely to remain, though, and some experts expect its contribution to GDP falling to around 3 percent. That would be the lowest since 2001, but such a near-term correction should be healthy for long-term economic rebalancing.

Meanwhile, more private firms in China have gone public to provide handsome revenue for investment banks. About 78 percent of the value of listings this year has come from the private sector after accounting for less than half in 2013. The biggest of all, the Alibaba deal raising US$25 billion (HK$194.5 billion) in the United States, contributed much to this change.

The trend won't change because Beijing's reforms will accelerate the restructuring of state enterprises and encourage more private investment in banking, transport, energy, education and medical care sectors.

Generally, private firms like foreign banks as advisers while big SOEs use China International Capital Corp.

In any event, Hong Kong will remain a favorite for listings because of its faster approval procedure. So keep watching Hong Kong Exchanges and Clearing (0388). Its stock price has firm support near HK$170.

Dr Check and/or The Standard bear no responsibility for any decision made based on views expressed in this column.

HK, France renminbi pact signed

By news.gov.hk
Tuesday, October 28, 2014

Monetary Authority Chief Executive Norman Chan signed a memorandum of understanding with Banque de France Governor Christian Noyer in Paris today strengthening co-operation on renminbi business development.

The authority and Banque de France share the view that by fostering stronger renminbi links between the two places, it will enhance the breadth and depth of business in both centres, bringing about mutual benefits.

They will work together to facilitate more dialogue and collaboration between financial institutions and other corporates from Hong Kong and Paris, promoting greater use of the renminbi for trade and investment, renminbi liquidity flows, and availability of renminbi financial products and services.

Mr Chan said he looks forward to having closer collaboration with Banque de France to promote renminbi business links between Paris and Hong Kong.

“I believe this will help expand renminbi activities in both centres and enable financial institutions and corporates to capture more fully the enormous opportunities offered by the new era of the internationalisation of the renminbi," Mr Chan said.

HK leads in ease of doing business

By news.gov.hk
Wednesday, October 29, 2014

The Government today welcomes the World Bank's assessment which ranks Hong Kong as the world's No. 3 on ease of doing business.

In a statement, the Government said this affirmed its incessant efforts in business facilitation, adding that it would strive to cut red tape, eliminate outdated or unnecessary regulations, enhance regulatory efficiency and reduce business compliance costs.

The World Bank also commended Hong Kong for strengthened minority investor protections by introducing requirements for directors to provide more detailed disclosure of conflicts of interest to the other board members under the new Companies Ordinance, the statement said, adding Hong Kong's ranking in protecting minority investors is up from third last year to second this year.

On the World Bank's remark that Hong Kong made starting a business more difficult by increasing the registration fee, the Government said business registration fees had been frozen for the past 20 years. The Government waived the fee from April 1, 2013 to March 31, 2014, to help enterprises to weather an unsteady economic environment. It then reverted to the normal level on April 1 this year.

According to the World Bank's Doing Business 2015 Report released today, the top three performers are Singapore, New Zealand and Hong Kong. The report compares the "ease of doing business" of 189 economies across 10 indicators.

The Government will study the report carefully to identify scope for improvement, and continue to explore ways to improve the business environment by partnering with the business sector and other stakeholders, and reforming the existing regulatory regimes to ensure that regulation is appropriate.